

COOPÉRATIVE HYDRO EMBRUN INC. (“CHE”) 2010 RATE APPLICATION

Board File No. EB-2009-0132

Second Round Interrogatories of the Vulnerable Energy Consumers’ Coalition (“VECC”)

Question #17

Reference: VECC #7 b), c) & d)

ORIGINAL QUESTION:

b) Please provide a revised schedule that sets out 2010 revenues at 2009 rates, where the rates exclude the LV rate adder.

c) Please revise the calculation of the Fixed vs. Variable percentages by customer class for 2010 at existing rates using variable rates that exclude the LV rate adder.

d) Please reconcile any differences between the revenue by class reported here and those used in Sheet O1 of the 2010 Cost Allocation model.

Preamble: The schedules provided in response to parts (b) and (c) do not provide fixed and variable revenues for 2010 at existing rates exclusive of the LV charges. Furthermore, subtracting the LV costs provided in response to part (a) from the 2010 revenue at current rates reported in the Application (Exhibit 3, Tab 2, Schedule 1, Attachment 1, page 1) does not yield the distribution revenue values by class as set out in Sheet O1.

a) Please provide a response to parts b) and c) as originally requested.

b) If the results from (a) above do not agree with the class distribution revenues shown in Sheet O1, please explain how the distribution revenue values in Sheet O1 were determined. (Note: This question is not asking for a re-run of the Cost Allocation model but rather an explanation/reconciliation of the inputs used).

CHE Response

2010 PROJECTED DISTRIBUTION REVENUE AT EXISTING RATES

	Including Low Voltage Charges			Low Voltage Revenue (D)	Excluding Low Voltage Charges	
	Fixed Charge Revenue (A)	Variable Charge Revenue (B)	Gross Dist. Revenue (C)		Variable Charge Revenue (E)	Net Distr. Revenue (F)
Residential	259,914	204,438	464,352	25,283	179,155	439,069
General Service < 50 kW	29,393	68,673	98,066	5,760	62,913	92,306
General Service > 50 kW	34,782	43,691	78,473	5,492	38,199	72,981
USL	1,874	1,319	3,193	356	963	2,837
Street Lighting	4,103	4,034	8,137	109	3,925	8,028
TOTAL	330,066	322,155	652,221	37,000	285,155	615,221

(A) per RateMaker sheet C4 (excludes smart meter funding adder)

(B) per RateMaker sheet C4

(C) = (A) + (B), per RateMaker sheet C4

(D) These projections replace those provided in the response to VECC #7(a)

(E) = (B) - (D)

(F) = (A) + (E); corresponds to 2010 Cost Allocation update sheet O1 row 18

	Fixed % (G)	Variable % (H)	Total % (I)
Residential	59.20%	40.80%	71.37%
General Service < 50 kW	31.84%	68.16%	15.00%
General Service > 50 kW	47.66%	52.34%	11.86%
USL	66.06%	33.94%	0.46%
Street Lighting	51.10%	48.90%	1.30%
TOTAL	53.65%	46.35%	100.00%

(G) = (A) / (F)

(H) = (E) / (F)

(I) Class Revenue divided by Total Revenue

b) If the results from (a) above do not agree with the class distribution revenues shown in Sheet O1, please explain how the distribution revenue values in Sheet O1 were

The results in column F from the first table above agree with the class distribution revenues shown in sheet O1 of the 2010 Cost Allocation model.

Question #18

Reference: VECC #8 a)

Please explain why the revenue to cost ratios reported in the response for 2010 at existing rates differ from those in the original Application (ERA Cost Allocation Study, page 11). (Note: VECC is not requesting re-run of the Cost Allocation methodology, it is seeking to better understand the results presented so as to determine if they were calculated correctly)

CHE Response:

Preamble : VECC Question #8

Reference: i) Exhibit 7 (ERA Report), page 11

a) Please provide a schedule that sets out the revenue to costs ratios for 2010 assuming the 2009 rates were all increased by the same percentage so that total Service Revenue equals the total Revenue Requirement for 2010. (Note: This can be achieved by increasing each class' Distribution revenues in Sheet O1 by approximately 24.6%)

CHE Response:

Please find below a revised response to VECC Question #8

Table 7: Revenue to Cost Ratios

Customer Class	CHE-2006	CHE-2006C	CHE-2010 At 2009 Rates	CHE-2010 With uniform Increase	CHE-2010 At proposed 2010 Rates	Board Target Range
Residential	105.78	105.78	85.80	105.58	102.90	85-115
GS < 50 kW	91.08	91.08	72.46	89.17	91.87	80-120
GS > 50 kW	121.05	121.05	97.93	120.51	119.82	80-180
Street Lighting	49.63	49.63	34.76	42.78	61.04	70-120
USL	21.48	21.48	19.15	23.56	54.14	80-120
Total	100.00	100.00	81.27	100.00	100.00	-

Question #19

Reference: VECC #12

- a) The response indicates that the information in Exhibit 8/Tab 2/Schedule 1 was based on an “outdated version of the cost allocation” and will be updated.

Please clarify what is meant by “outdated” - is it just the 2010 revenue requirement values that needs to be updated or does the cost allocation methodology itself required updating? If the later, please explain what the updating will involve.

CHE Response:

Version control issues were encountered while drafting responses to the first set of IRs.

Please discard the comment made as part of the response to VECC#12 that stated that that the information in Exhibit 8/Tab 2/Schedule 1 was based on an “outdated version of the cost allocation”. Please find below answers to the VECC #12 IRs.

Question #12

Reference: Exhibit 8/Tab 2/Schedule 1, page 1

- a) Please provide a schedule that sets out the proposed 2010 revenue to cost ratios by class and compares them with the results from Question #8.
- b) Please provide a schedule that reconciles the Base Distribution Revenue Requirement allocated to each class for 2010 with the proposed revenue to cost ratios.

CHE Response a) b):

Table 7: Revenue to Cost Ratios

Customer Class	CHE-2006	CHE-2006C	CHE-2010 At 2009 Rates With filed Revenue Requirement	CHE-2010 With uniform Increase With filed Revenue Requirement	CHE-2010 At proposed 2010 Rates With filed Revenue Requirement	CHE-2010 At 2009 Rates As in IR #8	CHE-2010 With uniform Increase As in IR #8	CHE-2010 At proposed 2010 Rates As in IR #8	Board Target Range
Residential	105.78	105.78	85.80	105.58	102.90	87.71	105.56	102.88	85-115
GS < 50 kW	91.08	91.08	72.46	89.17	91.87	74.27	89.38	92.10	80-120
GS > 50 kW	121.05	121.05	97.93	120.51	119.82	99.85	120.17	119.43	80-180
Street Lighting	49.63	49.63	34.76	42.78	61.04	35.34	42.53	60.70	70-120
USL	21.48	21.48	19.15	23.56	54.14	19.76	23.78	54.71	80-120
Total	100.00	100.00	81.27	100.00	100.00	83.09	100.00	100.00	-

- c) Page 2 makes reference to a 1.06 Revenue to Cost ratio for the Residential class based the Cost Allocation file. Please provide the source/reference document.

CHE Response:

CHE relied on the revenue to cost ratios resulting from the Approved 2006 EDR rates and load data as its starting point in developing proposed ratios for its 2010 EDR, as summarized in the following table:

	Per 2006 EDR	2010 EDR proposed
Residential	1.06	1.03
General Service < 50 kW	0.91	0.91
General Service > 50kW	1.21	1.21

USL	0.21	0.51
Street Lighting	0.50	0.60

CHE followed the following approach in determining its proposed ratios:

The starting ratios for USL and Street Lighting were well below the prescribed floor of the applicable range prescribed in the Board's guideline. CHE proposed to move the ratio halfway to the floor value in the 2010 test year:

- USL: $0.21 + (0.80 - 0.21)/2 = 0.51$
- Street Lighting: $0.50 + (0.70 - 0.50)/2 = 0.60$

CHE also understands that certain parties may take the view that the appropriate starting point for revenue to cost ratios should be based on existing rates applied to the proposed 2010 load forecast. Applying the same approach as described above, but with this different starting point would produce the following results:

	Per existing rates & 2010 load	2010 EDR proposed
Residential	1.06	1.04
General Service < 50 kW	0.89	0.89
General Service > 50kW	1.21	1.21
USL	0.24	0.52
Street Lighting	0.43	0.56

- d) Please explain how Embrun determined that the starting point for the Street Lighting revenue to cost ratio was 0.47.

CHE Response: This amount should have stated 0.50 and not 0.47. (as shown in the table above) Please see response to c) for details.

e) What was the starting point used for the USL class and how was it established?

CHE Response:

ERA used the CA model from the 2006 EDR as the starting point, as it is based on costs and weather-normalized volumes previously approved by the Board

f) Why were the revenue to cost ratios for the GS classes held fixed while the ratio for Residential was decreased?

CHE Response:

Since the RC ratios for USL and Street Lighting are being increased, an offsetting decrease in another class was required. Since the starting point for GS<50 kW was below 1.00, the decrease had to come from either Residential or GS > 50 kW. CHE reviewed the starting point ratios in these classes relative to the applicable prescribed ranges:

Residential: $(1.06 - 0.85) / (1.15 - 0.85) = 0.70$ (70th percentile of the range)

GS > 50: $(1.21 - 0.80) / (1.80 - 0.80) = 0.41$ (41st percentile of the range).

On the basis of the Residential ratio being relatively higher within the applicable range, CHE determined it was more appropriate to apply the reduction offset to the Residential class. The resulting ratio of 1.03 for Residential would be at the 60th percentile of the applicable range, still relatively higher than the GS > 50 ratio.

Question #20

Reference: VECC #13 b)

- a) Does Embrun agree that the calculation of the fixed/variable split used to determine the monthly fixed charge should exclude LV charges? If not, why not?

CHE Response

CHE agrees with VECC in that the LV charges should be excluded when determining the monthly fixed charges. The model and evidence will be revised accordingly.

- b) Does Embrun agree that the LV charges should be recovered through a separate rate adder as per Chapter 2 of the Filing Guidelines (Section 2.9.3) updated May 2009? If not, why not?

CHE Response

CHE agrees with VECC in that the LV charges should be recovered through a separate rate adder as per Chapter 2 of the Filing Guidelines (Section 2.9.3). The proposed rate rider is presented at Exhibit 8, Tab 3, Schedule 2 of the September 17 submission.

Question #21

Reference: VECC #2 a)

- a) The response states that “[t]he transformers are valued at actual cost.” Is this the actual historical cost, average cost of purchased transformers, or replacement cost (i.e., cost to purchase a new transformer)? Please explain.

CHE Response:

Actual Historical Cost is used

- b) Has CHE ever changed the way it costs any particular types of equipment it holds in inventory, e.g., initially classifying as average cost and changing to replacement cost or vice versa?

CHE Response:

The Actual Historical Cost has always been used

Question #22

Reference: VECC #3 a)

a) Please provide the estimated costs of the provincial sales tax included in the OM&A forecast for 2010.

CHE Response: The estimated cost of PST included in the revised OM&A for 2010 is \$19,059

Account Description	USA #	2008 Actual	2009 Projection	2010 Projection	PST	NEW TOTAL
5012-Station Buildings and Fixtures Expense	5012	1,716	1,800	1,860	0	1,860
5055-Underground Distribution Transformers - Operation	5055	15,417	12,000	12,000	960	12,960
5065-Meter Expense	5065	4,770	2,000	2,000	160	2,160
5070-Customer Premises - Operation Labour	5070	0				
5075-Customer Premises - Materials and Expenses	5075	4,988	6,000	6,000	480	6,480
5085-Miscellaneous Distribution Expense	5085	11,132	11,500	12,000	960	12,960
5096-Other Rent	5096	0				
5105-Maintenance Supervision and Engineering	5105	0	2,500	2,500	200	2,700
5110-Maintenance of Buildings and Fixtures - Distribution Stations	5110	2,355	2,400	2,425	194	2,619
5114-Maintenance of Distribution Station Equipment	5114	3,338	3,500	12,000	960	12,960
5120-Maintenance of Poles, Towers and Fixtures	5120	1,993	2,500	2,500	200	2,700
5125-Maintenance of Overhead Conductors and Devices	5125	5,843	6,000	6,000	480	6,480
5130-Maintenance of Overhead Services	5130	0				
5135-Overhead Distribution Lines and Feeders - Right of Way	5135	6,950	7,000	7,000	560	7,560
5160-Maintenance of Line Transformers	5160	5,014	5,000	5,000	400	5,400

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5310-Meter Reading Expense	5310	11,464	11,600	11,600	928	12,528
5315-Customer Billing	5315	132,627	137,176	141,547	4377	145,924
5320-Collecting	5320	0				
5330-Collection Charges	5330	780	1,475	1,500	0	1,500
5335-Bad Debt Expense	5335	0	600	600	0	600
5405-Supervision	5405	0				
5410-Community Relations - Sundry	5410	925	1,000	3,000	240	3,240
5605-Executive Salaries and Expenses	5605	20,800	21,000	21,200		21,200
5610-Management Salaries and Expenses	5610	78,803	80,000	82,000		82,000
5615-General Administrative Salaries and Expenses	5615	36,033	36,500	37,000	2960	39,960
5620-Office Supplies and Expenses	5620	16,201	16,500	17,000	1360	18,360
5625-Administrative Expense Transferred Credit	5625	0	0	0		0
5630-Outside Services Employed	5630	17,715	18,500	19,500	1560	21,060
5635-Property Insurance	5635	5,212	5,300	5,400	432	5,832
5640-Injuries and Damages	5640	1,468	1,500	1,500	120	1,620
5655-Regulatory Expenses	5655	5,364	5,300	24,050	1924	25,974
5670-Rent	5670	12,000	12,000	12,000		12,000
5680-Electrical Safety Authority Fees	5680	1,726	1,760	1,795	144	1,939

19,599

- c) Please provide the amount of provincial sales tax paid by CHE in each year 2006-2009 inclusive on OM&A expenditures.
- d) c) Please provide the amount of provincial sales tax paid by CHE on capital expenditures included in rate base for each year 2006-2009 inclusive.

PST Summary 2006-2008

2006

Expenses

Type	Amount	PST
Marketing (541004)	385.00	30.80
Office expenses - petty cash (508500)	8,564.43	685.15
Office misc supplies (562004)	3,031.98	242.56
Telephones (562003)	4,801.80	384.14
Internet - Wireless (562005)	1,353.00	108.24
Telephone Christie Walther (562008)	<u>2,007.42</u>	<u>160.59</u>
Total	20,143.63	1,611.49

Capital Assets

Leasehold improvements	2,916.00	233.28
Distribution station equipment	1,823.00	145.84
Poles, towers and fixtures	33,389.00	2,671.12
Overhead conductors and devices	88,396.00	7,071.68
Underground conductors and devices	105,456.00	8,436.48
Line transformers	38,897.00	3,111.76
Services	37,183.00	2,974.64
Meters	8,387.00	670.96
Office furniture and equipment	17,950.00	1,436.00
Computer equipment- hardware	5,025.00	402.00
Computer software	11,247.00	899.76
Measurement and testing equipment	<u>1,581.00</u>	<u>126.48</u>
Total	352,250.00	28,180.00

Total PST on expenses and capital assets **29,791.49**

PST Summary 2006-2008

2007

Expenses

Type	Amount	PST
Marketing (541004)	880.00	70.40
Office expenses - petty cash (508500)	8,342.31	667.38
Office misc supplies (562004)	2,445.33	195.63
Telephones (562003)	3,765.70	301.26
Internet - Wireless (562005)	1,284.40	102.75
Telephone Christie Walther (562008)	<u>1,622.53</u>	<u>129.80</u>
Total	18,340.27	1,467.22

Capital Assets

Distribution station equipment	2,099.00	167.92
Poles, towers and fixtures	19,048.00	1,523.84
Overhead conductors and devices	11,625.00	930.00
Underground conductors and devices	54,733.00	4,378.64
Line transformers	52,001.00	4,160.08
Services	22,459.00	1,796.72
Office furniture and equipment	4,842.00	387.36
Computer equipment- hardware	<u>2,083.00</u>	<u>166.64</u>
Total	168,890.00	13,511.20

Total PST on expenses and capital assets 14,978.42

PST Summary 2006-2008

2008

Expenses

Type	Amount	PST
Marketing (541004)	925.00	74.00
Office expenses - petty cash (508500)	11,131.81	890.54
Office misc supplies (562004)	6,223.89	497.91
Telephones (562003)	3,537.33	282.99
Internet - Wireless (562005)	1,356.94	108.56
Telephone Christie Walther (562008)	<u>2,564.87</u>	<u>205.19</u>
Total	25,739.84	2,059.19

Capital Assets

Poles, towers and fixtures	18,323.00	1,465.84
Overhead conductors and devices	73,492.00	5,879.36
Underground conductors and devices	12,204.00	976.32
Line transformers	26,501.00	2,120.08
Services	18,548.00	1,483.84
Computer equipment- hardware	<u>2,195.00</u>	<u>175.60</u>
Total	151,263.00	12,101.04

Total PST on expenses and capital assets 14,160.23

PST Summary 2006-2009
2009

Expenses

Type	Amount	PST
Marketing (541004)	3,505.00	280.40
Office expenses - petty cash (508500)	3,931.00	314.48
Office misc supplies (562004)	6,325.00	506.00
Telephones (562003)	4,201.00	336.08
Internet - Wireless (562005)	1,524.00	121.92
Telephone Christie Walther (562008)	<u>1,992.00</u>	<u>159.36</u>
Total	21,478.00	1,718.24

Capital Assets

Poles, towers and fixtures	10,406.00	832.48
Overhead conductors and devices	5,232.00	418.56
Underground conductors and devices	875.00	70.00
Line transformers	6,798.00	543.84
Services	11,372.00	909.76
Computer equipment- hardware	<u>57,195.00</u>	<u>4,575.60</u>
Total	91,878.00	7,350.24

Total PST on expenses and capital assets 9,068.48

e) Please provide the estimated amount of provincial sales tax included in the capital expenditure forecast for 2010.

CHE Response:

CHE used the 4 year average to determine the estimated amount of provincial sales tax for expenditure forecast for 2010.

CapEx 2006	CapEx 2007	CapEx 2008	CapEx 2009	4 year average
\$28,180	\$1,3511.2	\$12,101.04	\$7,350.24	15285.62

- f) Would CHE agree with the establishment of a deferral account into which any utility savings arising from harmonization of the GST and provincial RST would be booked for later refunding to ratepayers?

CHE Response:

As appreciative as CHE is to be given the opportunity to voice their views on this matter, CHE's prime focus is on managing and operating its distribution utility. And while it currently serves more customers per FTEE than many larger distributors, it does not have the resources to explore the implication of establishing deferral accounts for this purpose. CHE will comply with direction from the Board on this matter.

Question #23

Reference: VECC #10 a)

- a) Please explain how the intervener costs were estimated, i.e., how the hourly rate and the hours were estimated.

CHE Response:

CHE has revised its intervener cost. The proposed revised intervener costs are \$20,000

Question #24

Reference: VECC #11

- a) The revised Exhibit 4, Tab 4, Schedule 1, Attachment 1 provided with the response to the referenced IR indicates lower 2010 employee costs than initially provided in CHE's Application. Please provide a calculation of the reduction in 2010 revenue requirement associated with these decreased costs.

CHE Response:

The reduction of \$8,208 in employee costs represents a decrease of \$8,309 on the revenue requirement (PILs adjusted)

Summary of Proposed Changes to Revenue Requirement

Please find below a summary of the proposed changes to CHE' s revenue requirement. These proposed changes are based on responses to the 1st and 2nd round of interrogatories.

Please note that the impact to revenue requirement for each of the proposed changes below was determined independently of the other proposed changes. To view the combined impact of all proposed changes on CHE's revenue requirement, please see the Revenue Requirement Work Form presented in the next pages or the model filed in conjunction with this document.

2 - RATE BASE

- **As per BS (1st round IRs) Issue 4**, CHE's depreciation expense was revised to rectify an error in calculation.

4 - OPERATING COSTS

- **Following a review of VECC (2nd round IRs) Question #22**, PST was applied to 2010 forecast. The OM&A for 2010 increased by approximately \$19,000.
- **As per BS (1st round IRs) Issue 4.3**, CHE removed the cost of converting to IFRS or 60,000. This represents a reduction in RR of approximately \$15,200
- **As per VECC (2nd round IRs) Question #24**. The reduction in 2010 employee costs VS the costs initially presented in CHE's Application represent a decrease of approximately \$8,300 to the RR
- **As per BS (2st round IRs) Issue 3**, the forecast for regulatory costs increased from **\$35,300** (*per year for a period of 4 years*) to **\$67,224** (*per year for a period of 4 years*). The impact to RR is an increase of approximately \$33,800 (*per year for a period of 4 years*)
- **As per BS (1st round IRs) Issue 5**, CHE proposes to use the blended tax rates. If approved, the impact to the revenue requirement would be a decrease of approximately \$670
- **BS (1st round IRs) Issue 4**, upon review of the response to this particular IRs, it was found that CHE inadvertently omitted a cost of \$2,722 for billing services for 2010. The impact to RR is approximately \$2800. This amount covers the on-going costs of the new billing system.

9 - DEFERRAL / VARIANCE ACCOUNT BALANCES

- **As per BS (1st round IRs) Issue 10.2 a)**, Deferral Balances were update to reflect the fix of erroneous formula. There is no impact on RR

- **As per BS (1st round IRs) Issue 10.3**, CHE updated to reflect mandated changes to Regulatory Accounting & Reporting of Account 1588 RSVA Power and Account 1588 RSVA Power Sub-account Global Adjustment. There is no impact on RR.
- **As per BS (2st round IRs) Issue 8**, CHE updated its interest rates. There is no impact on RR
- **As per BS (1st round IRs) Issue 10.2 d)** CHE proposes to remove account 1562 (PILs) and its balance from the disposition/recovery of deferral of variance account. The impact to the account balance recoveries is a reduction of \$127,169 (to \$26,772 from \$153,941) or a reduction in the amount to be refunded to the customer.
- **As per BS (1st round IRs) Issue 10.4** CHE intends to fully comply with the board's direction with respect to the establishment of a separate rate rider to dispose of the balance of the GA sub-account of account 1588.
- **As per BS (1st round IRs) Issue 2.1.** Updates to the SM model caused the rate adder to increase by 0.01/meter/month (1.33 from 1.32). The revised model is being filed in conjunction to these responses.

3 –REVENUE

- **As per VECC (1st round IRs)** CHE proposes to update its commodity cost to reflect the new RPP rates, the impact to RR is an increase of approximately \$500

8 - RATE DESIGN

- **As per BS (1st round IRs) Issue 8**, CHE proposes to update its loss factor to 1.0579. This represents a reduction in RR of approximately \$250
- **As per BS (1st round IRs) Issue 23** CHE has recast and recalculated its Network and Retail and Transmission Rates based on current rates. CHE proposes to update its pass-thru charges accordingly. The impact to the RR is an increase of approximately \$30
- **With respect to BS (1st round IRs) Issue 7.2**, CHE would like to specify that although they do not currently have customer who own their own transformer, it is applying for the Transformer Allowance rate in the event that such a customer would fall under this category between now and the next rebasing exercise.

- **As per BS (1st round IRs) Issue 10.3**, CHE updated to reflect mandated changes to Regulatory Accounting & Reporting of Account 1588 RSVA Power and Account 1588 RSVA Power Sub-account Global Adjustment. There is no impact on RR.
- **As per BS (2st round IRs) Issue 8**, CHE updated its interest rates. There is no impact on RR
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3 –REVENUE

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8 - RATE DESIGN

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REVENUE REQUIREMENT WORK FORM

Name of LDC: Coopérative Hydro Embrun Inc.
 File Number: EB-2009-0132
 Rate Year: 2010

Data Input

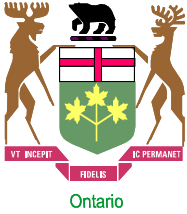
(1)

	Application		Adjustments		Per Board Decision
1 Rate Base					
Gross Fixed Assets (average)	\$2,895,308	(4)			\$2,895,308
Accumulated Depreciation (average)	(\$918,093)	(5)			(\$918,093)
Allowance for Working Capital:					
Controllable Expenses	\$513,326	(6)			\$513,326
Cost of Power	\$2,474,427				\$2,474,427
Working Capital Rate (%)	15.00%				15.00%
2 Utility Income					
Operating Revenues:					
Distribution Revenue at Current Rates	\$611,221				
Distribution Revenue at Proposed Rates	\$803,329				
Other Revenue:					
Specific Service Charges	\$17,305				
Late Payment Charges	\$5,250				
Other Distribution Revenue	\$8,916				
Other Income and Deductions	\$9,900				
Operating Expenses:					
OM+A Expenses	\$506,826				\$506,826
Depreciation/Amortization	\$131,266				\$131,266
Property taxes	\$ -				\$0
Capital taxes	\$0				
Other expenses					
3 Taxes/PILs					
Taxable Income:					
Adjustments required to arrive at taxable income	\$15,807	(3)			
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$14,963				
Income taxes (grossed up)	\$17,813				
Capital Taxes	\$ -				
Federal tax (%)	11.00%				
Provincial tax (%)	5.00%				
Income Tax Credits	\$ -				
4 Capitalization/Cost of Capital					
Capital Structure:					
Long-term debt Capitalization Ratio (%)	56.0%				
Short-term debt Capitalization Ratio (%)	4.0%	(2)			(2)
Common Equity Capitalization Ratio (%)	40.0%				
Preferred Shares Capitalization Ratio (%)					
					Capital Structure must total 100%
Cost of Capital					
Long-term debt Cost Rate (%)	7.62%				
Short-term debt Cost Rate (%)	1.13%				
Common Equity Cost Rate (%)	8.01%				
Preferred Shares Cost Rate (%)					

Notes:

This input sheet provides all inputs needed to complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the components. Notes should be put on the applicable pages to understand the context of each such note.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.



REVENUE REQUIREMENT WORK FORM

Name of LDC: Coopérative Hydro Embrun Inc.

File Number: EB-2009-0132

Rate Year: 2010

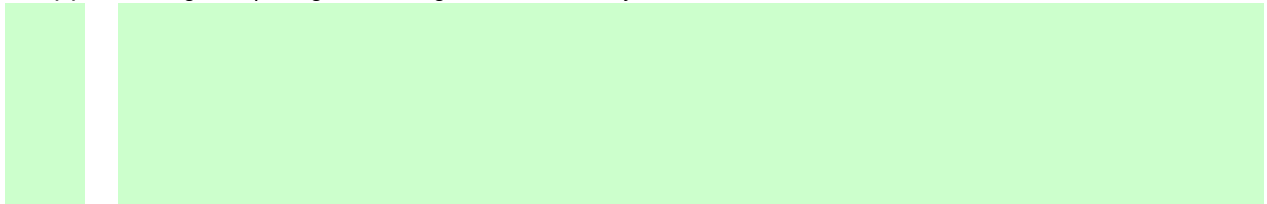
Rate Base

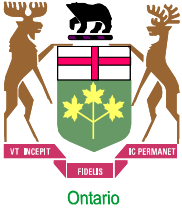
Line No.	Particulars	Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$2,895,308	\$ -	\$2,895,308
2	Accumulated Depreciation (average) (3)	(\$918,093)	\$ -	(\$918,093)
3	Net Fixed Assets (average) (3)	\$1,977,215	\$ -	\$1,977,215
4	Allowance for Working Capital (1)	\$448,163	\$ -	\$448,163
5	Total Rate Base	\$2,425,378	\$ -	\$2,425,378

(1) Allowance for Working Capital - Derivation				
6	Controllable Expenses	\$513,326	\$ -	\$513,326
7	Cost of Power	\$2,474,427	\$ -	\$2,474,427
8	Working Capital Base	\$2,987,753	\$ -	\$2,987,753
9	Working Capital Rate % (2)	15.00%		15.00%
10	Working Capital Allowance	\$448,163	\$ -	\$448,163

Notes

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
 (3) Average of opening and closing balances for the year.





REVENUE REQUIREMENT WORK FORM

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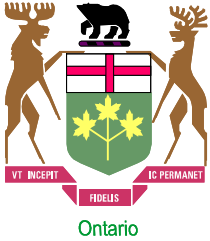
Ontario

Utility income

Line No.	Particulars	Application	Adjustments	Per Board Decision
Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)	\$803,329	\$ -	\$803,329
2	Other Revenue (1)	\$41,371	\$ -	\$41,371
3	Total Operating Revenues	\$844,700	\$ -	\$844,700
Operating Expenses:				
4	OM+A Expenses	\$506,826	\$ -	\$506,826
5	Depreciation/Amortization	\$131,266	\$ -	\$131,266
6	Property taxes	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	\$638,092	\$ -	\$638,092
10	Deemed Interest Expense	\$104,592	\$ -	\$104,592
11	Total Expenses (lines 4 to 10)	\$742,684	\$ -	\$742,684
12	Utility income before income taxes	\$102,016	\$ -	\$102,016
13	Income taxes (grossed-up)	\$17,813	\$ -	\$17,813
14	Utility net income	\$84,203	\$ -	\$84,203

Notes

(1)	Other Revenues / Revenue Offsets		
	Specific Service Charges	\$17,305	\$17,305
	Late Payment Charges	\$5,250	\$5,250
	Other Distribution Revenue	\$8,916	\$8,916
	Other Income and Deductions	\$9,900	\$9,900
	Total Revenue Offsets	\$41,371	\$41,371



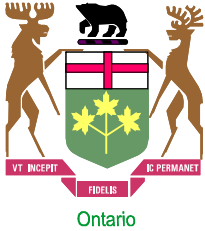
REVENUE REQUIREMENT WORK FORM

Name of LDC: Coopérative Hydro Embrun Inc.
 File Number: EB-2009-0132
 Rate Year: 2010

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$77,709	\$77,709
2	Adjustments required to arrive at taxable utility income	\$15,807	\$15,807
3	Taxable income	\$93,516	\$93,516
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$14,963	\$14,963
5	Capital taxes	\$ -	\$ -
6	Total taxes	\$14,963	\$14,963
7	Gross-up of Income Taxes	\$2,850	\$2,850
8	Grossed-up Income Taxes	\$17,813	\$17,813
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$17,813	\$17,813
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	11.00%	11.00%
12	Provincial tax (%)	5.00%	5.00%
13	Total tax rate (%)	16.00%	16.00%

Notes



REVENUE REQUIREMENT WORK FORM

Name of LDC: Coopérative Hydro Embrun Inc.

File Number: EB-2009-0132

Rate Year: 2010

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
Application					
Debt					
1	Long-term Debt	56.00%	\$1,358,212	7.62%	\$103,496
2	Short-term Debt	4.00%	\$97,015	1.13%	\$1,096
3	Total Debt	60.00%	\$1,455,227	7.19%	\$104,592
Equity					
4	Common Equity	40.00%	\$970,151	8.01%	\$77,709
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$970,151	8.01%	\$77,709
7	Total	100%	\$2,425,378	7.52%	\$182,301

Per Board Decision					
		(%)	(\$)	(%)	
Debt					
8	Long-term Debt	56.00%	\$1,358,212	7.62%	\$103,496
9	Short-term Debt	4.00%	\$97,015	1.13%	\$1,096
10	Total Debt	60.00%	\$1,455,227	7.19%	\$104,592
Equity					
11	Common Equity	40.0%	\$970,151	8.01%	\$77,709
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	Total Equity	40.0%	\$970,151	8.01%	\$77,709
14	Total	100%	\$2,425,378	7.52%	\$182,301

Notes

(1) 4.0% unless an Applicant has proposed or been approved for another amount.





REVENUE REQUIREMENT WORK FORM

Name of LDC: Coopérative Hydro Embrun Inc.
 File Number: EB-2009-0132
 Rate Year: 2010

Ontario

Revenue Sufficiency/Deficiency

Line No.	Particulars	Per Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$185,613		\$185,613
2	Distribution Revenue	\$611,221	\$617,716	\$611,221	\$617,716
3	Other Operating Revenue Offsets - net	\$41,371	\$41,371	\$41,371	\$41,371
4	Total Revenue	\$652,592	\$844,700	\$652,592	\$844,700
5	Operating Expenses	\$638,092	\$638,092	\$638,092	\$638,092
6	Deemed Interest Expense	\$104,592	\$104,592	\$104,592	\$104,592
	Total Cost and Expenses	\$742,684	\$742,684	\$742,684	\$742,684
7	Utility Income Before Income Taxes	(\$90,092)	\$102,016	(\$90,092)	\$102,016
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	\$15,807	\$15,807	\$15,807	\$15,807
9	Taxable Income	(\$74,285)	\$117,823	(\$74,285)	\$117,823
10	Income Tax Rate	16.00%	16.00%	16.00%	16.00%
11	Income Tax on Taxable Income	(\$11,886)	\$18,852	(\$11,886)	\$18,852
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$78,206)	\$84,203	(\$78,206)	\$84,203
14	Utility Rate Base	\$2,425,378	\$2,425,378	\$2,425,378	\$2,425,378
	Deemed Equity Portion of Rate Base	\$970,151	\$970,151	\$970,151	\$970,151
15	Income/Equity Rate Base (%)	-8.06%	8.68%	-8.06%	8.68%
16	Target Return - Equity on Rate Base	8.01%	8.01%	8.01%	8.01%
	Sufficiency/Deficiency in Return on Equity	-16.07%	0.67%	-16.07%	0.67%
17	Indicated Rate of Return	1.09%	7.78%	1.09%	7.78%
18	Requested Rate of Return on Rate Base	7.52%	7.52%	7.52%	7.52%
19	Sufficiency/Deficiency in Rate of Return	-6.43%	0.27%	-6.43%	0.27%
20	Target Return on Equity	\$77,709	\$77,709	\$77,709	\$77,709
21	Revenue Sufficiency/Deficiency	\$155,915	\$6,494	\$155,915	\$6,494
22	Gross Revenue Sufficiency/Deficiency	\$185,613 (1)		\$185,613 (1)	

Notes:

(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)



REVENUE REQUIREMENT WORK FORM

Name of LDC: Coopérative Hydro Embrun Inc.

File Number: EB-2009-0132

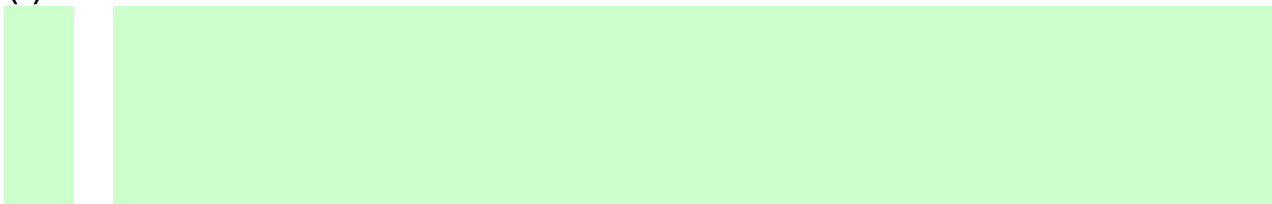
Rate Year: 2010

Revenue Requirement

Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$506,826	\$506,826
2	Amortization/Depreciation	\$131,266	\$131,266
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$ -	\$ -
5	Income Taxes (Grossed up)	\$17,813	\$17,813
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$104,592	\$104,592
	Return on Deemed Equity	\$77,709	\$77,709
8	Distribution Revenue Requirement before Revenues	\$838,205	\$838,205
9	Distribution revenue	\$803,329	\$803,329
10	Other revenue	\$41,371	\$41,371
11	Total revenue	\$844,700	\$844,700
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$6,494 (1)	\$6,494 (1)

Notes

(1) Line 11 - Line 8





REVENUE REQUIREMENT WORK FORM

Name of LDC: Coopérative Hydro Embrun Inc.

File Number: EB-2009-0132

Rate Year: 2010

Selected Delivery Charge and Bill Impacts Per Draft Rate Order									
		Monthly Delivery Charge				Total Bill			
		Current	Per Draft Rate Order	Change		Current	Per Draft Rate Order	Change	
				\$	%			\$	%
Residential	800 kWh/month	\$ 29.80	\$ 34.52	\$ 4.72	15.8%	\$ 92.50	\$ 96.92	\$ 4.42	4.8%
GS < 50kW	2000 kWh/month	\$ 63.49	\$ 76.25	\$ 12.76	20.1%	\$ 226.97	\$ 239.01	\$ 12.04	5.3%

Notes: